

# CHURCH TREASURER REFERENCE GUIDE

ADVANCED



**TEXAS CONFERENCE OF SEVENTH-DAY ADVENTISTS**

Revised 2019

## *A Message from Our Treasurer*

---

Welcome, treasurers, to the Texas Conference Treasury Certification and Training. Thank you for accepting the financial responsibilities for your local church. Since you have accepted these responsibilities, you are now part of the Texas Conference of Seventh-day Adventists Treasury team.



We are called to manage the sacred offerings just as the priests were in ancient Israel. The priests had specific instructions for handling the Lord's funds. We have specific instructions for managing God's funds in His church. This manual and the training you receive will assist you with those instructions.

As you may know, all funds given to the Seventh-day Adventist Church channel through the local church. It is vitally important that everyone who handles funds at the local church level, and all levels of the church, handle them with the utmost integrity. This means, doing the right thing when no one else is looking. Without this integrity, our church could lose funds it was intended to receive. Our church could also lose credibility and trust from our members.

Whether funds are coming into the church or spent by the church, we must handle all financial transactions properly. Everything we do must be above board and reproach, and positively reflect on the church's name.

Knowing why we handle God's funds the way we do helps us to understand the reasons for following policy and proper financial procedure. Furthermore, it helps us be good stewards for God's church.

Thank you again for accepting this important and vital role in your local church, and for taking the time to join us today. Your dedicated work is most appreciated. Our prayer is that through this manual and training, we will all be better equipped to handle the responsibilities we have accepted. Just know that you are never alone. Your fellow Texas Conference Treasury team members are here to help whenever you need it.

God bless you as you work for Him.

## TEXAS CONFERENCE TREASURY STAFF



**Randy Terry**  
TREASURER  
[rterry@txsda.org](mailto:rterry@txsda.org)  
817-790-2255  
extension 2112



**Efrain Murillo**  
UNDER TREASURER

- Policy Compliance
- Risk Management
- General Liability and Property Insurance

[efrainmurillo@txsda.org](mailto:efrainmurillo@txsda.org)  
817-790-2255  
extension 2114



**Liz Velez**  
EXECUTIVE ADMINISTRATIVE ASSISTANT TO THE TREASURER

- Church Remittances
- Conference Church Clerk
- Banking, State, and Federal Documents

[lvelez@txsda.org](mailto:lvelez@txsda.org)  
817-790-2255  
extension 2113



**Letty Craig**  
ADMINISTRATIVE ASSISTANT

- Accounts Payable
- General Liability Insurance
- Property and Vehicle Insurance

[lcraig@txsda.org](mailto:lcraig@txsda.org)  
817-790-2255  
extension 2115



**Barbara Craft**  
ASSOCIATE TREASURER

- Employee Payroll

[bcraft@txsda.org](mailto:bcraft@txsda.org)  
817-790-2255  
extension 2118



**Betsy Cuevas**  
ASSOCIATE TREASURER

- Accounts Receivable
- 1099s

[bcuevas@txsda.org](mailto:bcuevas@txsda.org)  
817-790-2255  
extension 2116



**Greg Garner**  
ACCOUNTANT

- Accounts Receivable
- Locally Funded Payroll

[ggarner@txsda.org](mailto:ggarner@txsda.org)  
817-790-2255  
extension 2117



**Nathy Regmund**  
RECEIVABLES CLERK  
[nregmund@txsda.org](mailto:nregmund@txsda.org)  
817-790-2255  
extension 2130

TEXAS CONFERENCE TREASURY STAFF  
AUDITING SERVICES AND ACCOUNTING SUPPORT



Francisco Pollock  
ASSOCIATE TREASURER, AUDITING

Jewel Accounting Support:  
churches in the areas of Dallas, Fort Worth, and Keene

[fpollock@txsda.org](mailto:fpollock@txsda.org)  
Phone 817-382-7567  
Voice Messages Only 817-790-2255, extension 3421



Josué Estrada  
AUDITOR

Jewel Accounting Support:  
churches in the areas of Austin, San Antonio, and Rio Grande Valley

[jestrada@txsda.org](mailto:jestrada@txsda.org)  
Phone 210-920-0972  
Voice Messages Only 817-790-2255, extension 3420



Justin Perez  
AUDITOR

Jewel Accounting Support:  
churches in the areas of Houston and East Texas

[justinperez@txsda.org](mailto:justinperez@txsda.org)  
Phone 817-330-9032  
Voice Messages Only 817-790-2255, extension 3422

## A day in the life of a Texas Conference treasurer

**Setting the stage:** Imagine it is Saturday, June 30<sup>th</sup>, 2018. This day was not chosen at random. It is a month when the last day falls on a 5<sup>th</sup> Sabbath. We have a long week ahead, so we are going to close the month on Sunday, July 1<sup>st</sup>.

**Verify that all deposits have been entered:** Use the deposit report to accomplish this task. This report lists all deposits for the month (or selected date). While here and if you are using the service, verify the AdventistGiving deposits have been imported.

This is a good opportunity to verify that you have all envelopes, all validation reports, and all bank receipts for each week. If you check each month, your documents will be ready at year-end.

**AdventistGiving:** If you are using this service, you should have 2 deposits: one for the 15<sup>th</sup> and one for the last day of the month. Import the file that corresponds to the cut-off date, not the date when the deposit was made. You will notice that the day on the mid-month report is not the 15<sup>th</sup>, it is the day when it was deposited but, if you look at the deposit itself, you will see the offering date and the deposit date. On the month-end report, both dates are the same.

**Remit to the Conference:** After selecting *No More Offerings This Month*, Jewel will prompt you to send the remittance check. This may be a printed check or electronic payment depending on how your system is set up. If using a manual check, remember to print the report and send it with the check.

**IMPORTANT:** You do not have to wait to close the month to send the remittance. The remittance only deals with the deposits so, once you have verified that all deposits are correct, you can send the remittance.

**Verify that all checks have been entered:** Use the check report to ensure that all checks have been made. Also, use the bank statement to ensure that all electronic payments and fees have been entered.

This is a good opportunity to verify that all checks have supporting documentation. Whether it is an invoice, a receipt, etc. all checks must be documented. Also, you can use an accordion file to store the documents by month. Do not wait until year-end as it will take much longer.

**Make budget allocations:** The next step is to make the budget allocations. If you have a budget set up, Jewel will do this automatically. After Jewel allocates the budget, you can use the Transfer/Allocation report to ensure that the amounts are distributed the way you intended. If not, you can make changes before the month is closed.

**Reconciliation:** Reconcile all accounts for which you have a bank statement.

**Backup:** When prompted to print the reports say *No*. Make a backup of your data. If you find an error, there is an opportunity to restore the backup and correct it.

**Print the monthly reports:** Now you are ready for the final step, printing the reports. The reports that will print depend on your selection in Properties. This step not only prints the reports but also closes the month. After this, no more changes can be made to the transaction in the closed month.

**Year-end:** There are a few extra steps when you are closing the year. Start preparing the budget early on so you can edit the budget allocations if needed. Prepare the 1099 report and send it to the Conference before the 10<sup>th</sup> of January (earlier if it falls on a weekend). This report must be accompanied by the W-9s of the individuals that were paid more than \$600 during the year. Clear your sub-accounts, if needed and print the donor's receipts.

Treasury Department

Month-end closing tasks

Month: \_\_\_\_\_

Task	Due Date	Account
<input type="checkbox"/> Verify that all deposits have been entered		
<input type="checkbox"/> Import AdventistGiving deposits		
<input type="checkbox"/> Send remittance to the Conference		
<b>Verify that all checks have been entered</b>		
<input type="checkbox"/> Mortgage/Rent		
<input type="checkbox"/> Utilities - Electricity		
<input type="checkbox"/> Utilities - Water/Sewer		
<input type="checkbox"/> Utilities - Garbage		
<input type="checkbox"/> Utilities - Telephone/Internet		
<input type="checkbox"/> Janitorial / Custodial		
<input type="checkbox"/> Lawn/Grounds Care		
<input type="checkbox"/> Pest Control		
<input type="checkbox"/> Alarm		
<input type="checkbox"/> School Financial Aid		
<input type="checkbox"/> Local payroll		
<input type="checkbox"/> Insurance		
<input type="checkbox"/> Sabbath School Quarterlies		
<input type="checkbox"/> Reimbursements		
<input type="checkbox"/> Verify that all electronic payments have been entered		
<input type="checkbox"/> Verify that all bank fees have been entered		
<input type="checkbox"/> Void checks, if necessary		
<input type="checkbox"/> Make budget allocations		
<input type="checkbox"/> Reconcile Checking account		
<input type="checkbox"/> Reconcile Revolving Fund/Savings account		
<input type="checkbox"/> Make a backup before printing the reports		
<input type="checkbox"/> Print the monthly reports		
<b>Year-end</b>		
<input type="checkbox"/> Prepare budget for next year		
<input type="checkbox"/> Prepare the 1099 report (remember the W-9s)		
<input type="checkbox"/> Clear sub-accounts		
<input type="checkbox"/> Print receipts		
<b>Other</b>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

# Budgeting

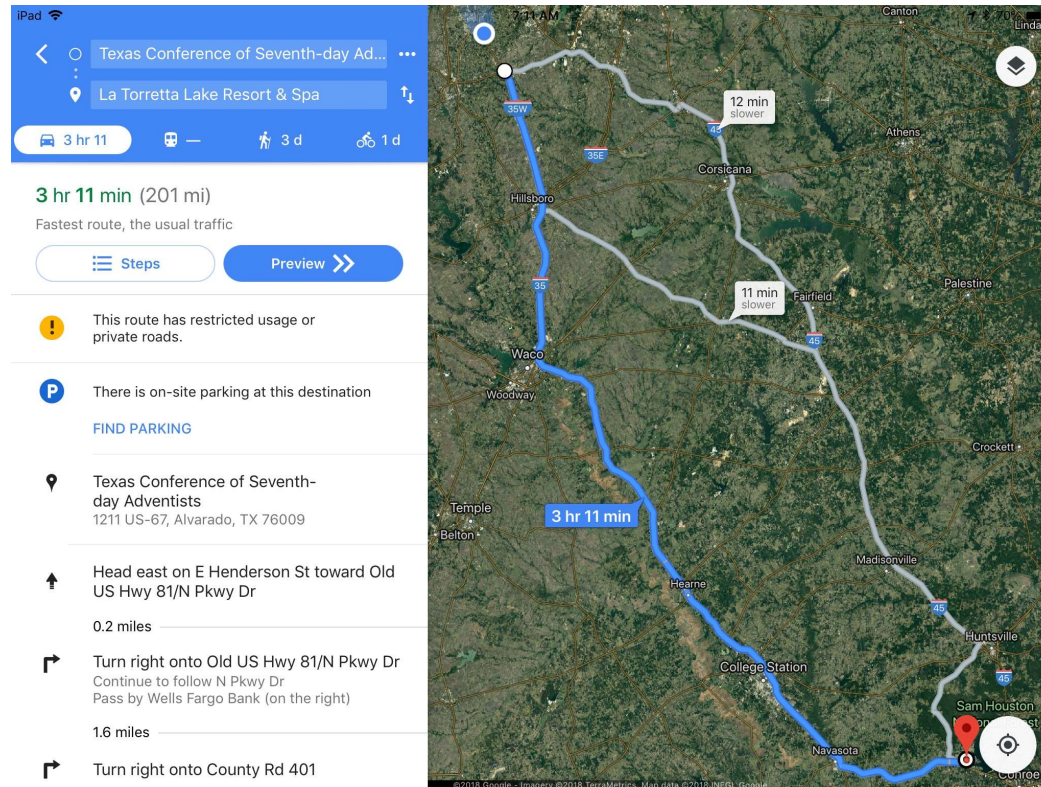




# How do we arrive at our destination?



# A map provides direction



# The church needs direction also

Summary		Budget	
		Monthly	Annual
Income		4,250.00	51,000.00
Expense		(4,250.00)	(51,000.00)
<b>Difference</b>		-	-
<b>Income</b>			
102	Local Church Budget	4,000.00	48,000.00
104	Interest Income	50.00	600.00
106	Gas Royalties	200.00	2,400.00
108	Rental Income	-	-
<b>Expense</b>			
<b>SABBATH SCHOOL</b>		<b>250.00</b>	<b>3,000.00</b>
201	Sabbath School Local Expense	100.00	1,200.00
204	Children's Sabbath School	100.00	1,200.00
206	Adult Sabbath School	50.00	600.00
<b>CLUBS / YOUTH / CHILDREN</b>		<b>300.00</b>	<b>3,600.00</b>
302	Pathfinders	100.00	1,200.00
304	Adventurers	100.00	1,200.00
306	Adventist Youth (YA)	50.00	600.00
308	Vacation Bible School	50.00	600.00
<b>CHURCH MINISTRIES</b>		<b>950.00</b>	<b>11,400.00</b>
402	Evangelism (Local)	500.00	6,000.00
404	Women's Ministries (Local)	100.00	1,200.00
406	Men's Ministries (Local)	50.00	600.00
408	Community Service (Local)	100.00	1,200.00
410	Health & Temperance	100.00	1,200.00
412	Music / Choir	100.00	1,200.00
<b>OTHER DEPARTMENTS</b>		<b>50.00</b>	<b>600.00</b>
504	Audiovisual	50.00	600.00
<b>ADVENTIST EDUCATION</b>		<b>100.00</b>	<b>1,200.00</b>
604	Student Aid	100.00	1,200.00
<b>CHURCH EXPENSE</b>		<b>2,200.00</b>	<b>26,400.00</b>
708.52	Office Supplies - Church Expense	-	-
708.53	Rental - Church Expense	-	-

- The church should have a spiritual plan
- It should also have a financial plan
- A budget provides financial direction and assists in arriving at the proposed destination



# Creating a Budget in 3 simple (maybe not!) steps

- What does history say?

The first step is to look at income and expenses from previous years. An average of the income and expenses will give us an idea of what we need to administer the ministries of the church.

- What are the plans for the future?

Things change so every ministry should have plans and a good idea of what that plan will cost. Include this in your budget.

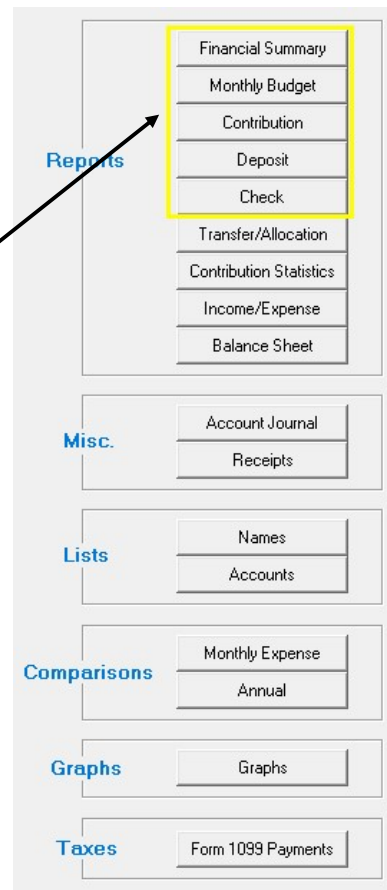
- Is it balanced?

If the planned expenses are greater than the income, we must adjust.



# What does history say?

The following reports can help when looking at historical financial trends



- The Financial Summary provides a sum of income and expenses
- The Monthly Budget, if one is set up, provides a comparison of budget vs actual
- The Summary Contribution report shows the income
- The Deposit report helps spot weekly trends
- The Check report shows expenses



# What are the plans for the future?

- Ask the departments to present their plans to the board
- Estimate the cost of those plans
- Add them to the budget
- When we start planning, we add everything to the budget
- Why? Because God may have blessed the church to the point where there is enough to fulfill all plans
- Now, if God has different plans, we move to the next step



## Is it balanced?

- This is the step where we adjust
- If expenses are greater than income, we focus on the priorities
- We explain the difference between “want” & “need”
- What is our church’s main project for this year? Can we fund it? What other projects can wait until next year? What does the church really need? What requests are nice-to-have?
- All this must be done after a lot of prayer and fasting so there is divine direction, otherwise it will fail



# Determine the tracking method

- Specific amounts  
Every expense, every allocation
- Percentages
- May I do both?





# How to enter a budget in Jewel



# Specific amounts

## Advantages

- The church knows exactly what the monthly expenses are

Edit Budget Allocations

*Edit Budget Allocations*

Copy to Clipboard  
Print

OK  
Cancel

Budget Year:  
 This Fiscal Year (2018)    Copy from This Year to Next Year  
 Next Fiscal Year (2019)

Total Annual Budget: 24,000.00


From Account:  
 102 Local Church Budget

Monthly Allocation Totals:  
 Cash Amounts: 865.00  
 Percentages: 0%

To Account(s)

Account	Amount	
708.532 Mortgage Payment - Church Expense	500.00	\$
708.54 Telephone / Internet - Church Expense	65.00	\$
708.562 Electricity	200.00	\$
708.564 Water / Sewer	50.00	\$
708.568 Garbage Collection	50.00	\$

Insert  
Delete



## Disadvantages

- If the income is less, Local Church Budget becomes negative



# Percentages

## Advantages

- All the money is allocated
- Local Church Budget never becomes negative
- Ministries receive based on the income amount

**Edit Budget Allocations**

Total Annual Budget: 24,000.00

Monthly Allocation Totals:  
 Cash Amounts: 0.00  
 Percentages: 100%

Account	Amount	%
304 Adventurers	7%	%
308 Vacation Bible School	5%	%
402 Evangelism (Local)	10%	%
404 Women's Ministries (Local)	5%	%
406 Men's Ministries (Local)	5%	%
408 Community Service (Local)	5%	%
410 Health & Temperance	4%	%
412 Music / Choir	4%	%
502 Audiovisual	3%	%
604 Student Aid	5%	%
708.532 Mortgage Payment - Church Expense	10%	%
708.54 Telephone / Internet - Church Expense	2%	%
708.562 Electricity	4%	%
708.564 Water / Sewer	2%	%
708.568 Garbage Collection	2%	%
910 Reserve	5%	%

## Disadvantages

- The church may not have enough for fixed expenses like mortgage



# Using specific amounts and percentages

## Advantages

- The church accounts for all fixed expenses
- Only the difference is allocated

**Edit Budget Allocations**

Budget Year:

This Fiscal Year (2018)  Next Fiscal Year (2019)

Copy from This Year to Next Year

Total Annual Budget: 24,000.00

Monthly Allocation Totals

Cash Amounts: 865.00

Percentages: 100%

From Account:


102 Local Church Budget

To Account(s)

Account	Amount	
708.532 Mortgage Payment - Church Expense	500.00	\$
708.54 Telephone / Internet - Church Expense	65.00	\$
708.562 Electricity	200.00	\$
708.564 Water / Sewer	50.00	\$
708.568 Garbage Collection	50.00	\$
201 Sabbath School Local Expense	5%	%
204 Children's Sabbath School	10%	%
302 Pathfinders	7%	%
304 Adventurers	7%	%
308 Vacation Bible School	5%	%
402 Evangelism (Local)	15%	%
404 Women's Ministries (Local)	5%	%
406 Men's Ministries (Local)	5%	%
408 Community Service (Local)	10%	%
410 Health & Temperance	4%	%
412 Music / Choir	4%	%
502 Audiovisual	3%	%
604 Student Aid	10%	%

Insert

Delete



## Disadvantages

- If the income is not enough to cover the fixed expenses, other ministries may not receive anything



## Things to remember

- The Total Annual Budget is a guide
- Multiply the Monthly Allocation Cash Amounts by 12 and compare to the Total Annual Budget
- When using percentages, by themselves or together with cash amounts, you must allocate 100% of the funds
- If the Monthly Cash Amounts are more than the Local Church Budget amount received, you must increase the Local Church Budget amount, thus creating a negative balance. This can be adjusted later.



**Seventh-day Adventist Church  
Church Budget**

		Budget	
		Monthly	Annual
<b>Summary</b>			
	Income	4,250.00	51,000.00
	Expense	(4,250.00)	(51,000.00)
<b>Difference</b>		-	-
<b>Income</b>			
102	Local Church Budget	4,000.00	48,000.00
104	Interest Income	50.00	600.00
106	Gas Royalties	200.00	2,400.00
108	Rental Income	-	-
<b>Expense</b>			
	<b>SABBATH SCHOOL</b>	<b>250.00</b>	<b>3,000.00</b>
201	Sabbath School Local Expense	100.00	1,200.00
204	Children's Sabbath School	100.00	1,200.00
206	Adult Sabbath School	50.00	600.00
	<b>CLUBS / YOUTH / CHILDREN</b>	<b>300.00</b>	<b>3,600.00</b>
302	Pathfinders	100.00	1,200.00
304	Adventurers	100.00	1,200.00
306	Adventist Youth (YA)	50.00	600.00
308	Vacation Bible School	50.00	600.00
	<b>CHURCH MINISTRIES</b>	<b>950.00</b>	<b>11,400.00</b>
402	Evangelism (Local)	500.00	6,000.00
404	Women's Ministries (Local)	100.00	1,200.00
406	Men's Ministries (Local)	50.00	600.00
408	Community Service (Local)	100.00	1,200.00
410	Health & Temperance	100.00	1,200.00
412	Music / Choir	100.00	1,200.00
	<b>OTHER DEPARTMENTS</b>	<b>50.00</b>	<b>600.00</b>
504	Audiovisual	50.00	600.00
	<b>ADVENTIST EDUCATION</b>	<b>100.00</b>	<b>1,200.00</b>
604	Student Aid	100.00	1,200.00
	<b>CHURCH EXPENSE</b>	<b>2,200.00</b>	<b>26,400.00</b>
708.52	Office Supplies - Church Expense	-	-
708.53	Rental - Church Expense	-	-
708.532	Mortgage Payment - Church Expense	1,000.00	12,000.00
708.54	Telephone / Internet - Church Expense	100.00	1,200.00
708.56	Utilities - Church Expense	-	-
708.562	Electricity	500.00	6,000.00
708.564	Water / Sewer	100.00	1,200.00
708.566	Gas	50.00	600.00
708.568	Garbage Collection	50.00	600.00
708.57	Copier & Printing	100.00	1,200.00
708.58	Misc. General Expense - Church Expense	50.00	600.00
708.63	Bldg/Grounds Maintenance - Church Expense	100.00	1,200.00
708.65	Custodial Expense - Church Expense	50.00	600.00
708.7	Insurance	100.00	1,200.00
	<b>BUILDING / OTHER FUNDS</b>	<b>400.00</b>	<b>4,800.00</b>
901	Building Fund	-	-
903	Remodeling	-	-
910	Reserve	400.00	4,800.00

# General Accounting Practices



# Chart of Accounts

- A list of accounts in a ledger is called a *chart of accounts*
- The chart of accounts is the frame of the accounting system and it should be carefully developed
- When setting up accounts, you need to define (1) the type of account (2) the account number and (3) the account name
- Using the account number, you can group the ministries of the church by function
- This grouping helps when reporting and when developing a budget





# Sub-accounts

- Sometimes it is necessary to subdivide the balance of an account
- An example is the Pathfinders – offerings are Tax-Exempt but Registration and Fees are not. You need 2 accounts but it is all part of Pathfinders.
- Another example is the Children's Sabbath School. Each class has different needs, different teachers, sometimes even a budget but it is all Children's Sabbath School.
- In these instances you can create sub-accounts and Jewel will summarize the balances by ministry



# Chart of Accounts - Recommendations

- Become familiar with the chart of accounts
- Avoid using more than one account for the same purpose (duplicate accounts)
- Do not create accounts whose funds must go to World Missions or the Conference in your local accounts
- When an account is no longer needed and cannot be deleted because it has transactions, make it Non-Posting and change the account number to a high number like 99999.xx



## Non-sufficient fund (NSF) check reversal

- It is important to understand the difference between receiving and disbursing funds in Jewel
- An NSF check, though a check, is part of receiving funds. This is important to know because Jewel will assign this transaction to the deposits, not to checks and that can be confusing for some people.
- Jewel creates a deposit with the same amount as the NSF check but negative. Positive and negative cancel each other out so the check becomes zero.
- Jewel also subtract the amount from the account and from the member's receipt



# Voiding checks

- Sometimes checks are not cashed and need to be cancelled (voided)
- This may be due to an error, loss, etc.
- If the check is voided on an opened month, Jewel will change the *Pay to the Order of* to Void and the amount to zero
- When the check is on a closed month, Jewel creates another check with the same amount but negative thus zeroing out the amount
- It is important that, when reconciling, both checks are selected as they will never appear on the bank statement



# Correcting checks and deposits on an opened month

- When the month is opened, you can make corrections to deposits and checks
- To find the deposit, use the deposit report and to find the check, use the check report
- Be aware that, if you have sent the remittance to the Conference and the change to a deposit impacts Conference funds, there will be a balance which will be corrected the next month



# General Journal Entry

- Use sparingly!
- If you do a one-off deposit, you can enter it by using the offerings process and changing the date. The benefit is that all deposits will show on the report. Journal Entries do not.
- Bank Fees can be entered as an electronic payment in the checks section with the same benefit
- Be aware that the first account in a Journal Entry is always a bank account. If you are not sure of what you are doing, you can impact your balances.



## 1099s and W-9s

- A 1099 is an IRS form used to report income received through sources other than employment.
- When an individual works for the church and is paid \$600 or more a year directly (not using the Conference's local payroll), the IRS wants to know
- It is the responsibility of the Conference, by law, to make that notification
- It is your responsibility to report it to the Conference by Jan 10<sup>th</sup>
- Jewel provides a report to help you create the notification
- The report must be accompanied by a Form W-9 (Request for Taxpayer Identification Number and Certification)
- We strongly suggest that you collect this form as soon as someone does the work and not wait until the end of the year



# New EIN requirements

- Financial requirements are changing and the banks are becoming more rigid
- Most banks will now request that you provide an EIN to open an account and even change signatories on the account (as when a new treasurer is elected)
- This is not the same as the Conference Tax Exempt number
- This is solely for banking purposes
- Verify with the IRS if your church has one – Do not use the Conference's when opening an account
- If it does not, we have provided instructions to get one





# Roles and Responsibilities of the Treasurer



# Background

- Churches in the US, unlike other organizations, are granted tax-exempt status.
- This exemption comes with some expectations
  - Churches will serve the community where they are located.
  - Churches are not organized for personal gain, profit or benefit.
- The General Conference maintains a Federal group tax exemption granted in 1950 that covers US based entities of the SDA denomination.
- As the parent organization, the General Conference has administrative responsibility for processing and overseeing and confirming exempt status of all subordinate organizations under the ruling.



## Embezzlement – Why?

- **No internal controls** – Where there are no proper controls, there may seem to be an opportunity.
- **Financial pressure** – When there is a need for money people may do unexpected things. Example: I will just borrow until payday.
- **Rationalization** - An embezzler may think they aren't paid enough and so deserve the money, or they may consider it borrowing, not stealing.
- **Continual exposure to funds in an unsupervised, unregulated environment** - According to some studies, this is a more powerful driver in embezzlement than an actual need for money.



# Segregation of Duties

- Reduces the risk of both erroneous and inappropriate actions.
- Careful supervision removes any easy opportunities.
- Everyone is involved:
  - The counting team validates the offerings
  - The assistant treasurers can help with the bookkeeping
  - The treasurer is the **custodian** of all funds
  - The church board provides the management and oversight
  - Conference auditors review the church finances
- Divide tasks among several individuals.
- Shift responsibilities occasionally.



# Documentation

- There is a saying: “If it is not in writing, it did not happen”.
- Make sure that all transactions are well documented.
- Documents and records are evidence of transactions and represent the audit trail that is so critical when tracing transactions through an accounting system.



## Independent Ministries

- In no case should funds not belonging to the church or to church-sponsored organizations, appear on the records of the church treasurer.
- We are able to accept donations for church organizations that are covered by the GC exemption.
- Donors giving to organizations not covered by the GC tax exemption should be advised to send their donations direct rather than through the church treasury.
- IRS regulations prohibit us from accepting funds for other tax-exempt organizations.



## Pastor's discretionary fund

- In the past, members would donate to a special fund that the pastor could use at his discretion without authorization from the board
- In some instances, this was used to help the needy, provide school financial aid, etc.
- Pastors change and lately, we are finding a misunderstanding of what this fund is about
- The use of this fund for personal gain is prohibited by the IRS

*“The prohibition precludes any of the income or assets of a charity from unfairly or unreasonably benefiting, either directly or indirectly, individuals who have close relationships with their organizations and the ability to exercise control over them.”*



# Pastor's gifts

- Because a pastor is an employee of the church (Conference) any gift given by the church becomes taxable income.
- David Rutledge EA, CEP, RFC wrote on Tax Free Gift to the Pastor:  
*When an employer helps an employee or a member of an employee's family in need, it is considered taxable compensation. When a non-employee is helped, it is benevolence.*  
*The basic principle is that the money given to the church is to further the church's exempt purpose. The church should always spend money in that regard. If an employee of the church receives any economic benefit from the church, it is generally considered taxable income.*
- All gifts should be reported to the Conference to be included in the W-2





## What does the auditor look for?

- Does each offering count have a validation report and does it match the bank deposit receipt, the envelopes and Jewel?
- Does the validation report have two signatures?
- Were the deposits made on time?
- Were the remittance checks sent, were they on time and do they match Jewel?
- Have checks cleared within 30-60 days?
- Is the account on the check appropriate?
- Does each check have supporting documentation?



# What does the auditor look for?

## Page 2

- Are there checks made to people in positions of authority or their relatives?
- If so, are they well documented?
- Does the account reconcile?
- Are all non-tax deductible transactions registered to non-tax deductible accounts?
- Was anyone paid \$600 or more in a year and if so, was there a 1099 report sent to the Conference?
- Were the expenses approved by the board?

